



Moscow City
Government

MOSCOW INVESTMENT DIGEST

August 2016



Dear Colleagues,

The Department of Economic Policy and Development of Moscow, in cooperation with the Moscow City Investment Agency, presents the [fifth issue of the Digest](#) of Moscow's key investment events.

Moscow's new industrial projects to receive government support

In early 2016, the Moscow City Government launched a programme to support effectively operating industrial and innovative companies, which lowers the regional tax burden on them by 25%. In August, this programme was expanded to embrace new investment projects.



Now investors can receive benefits and other measures of support already at the stage of project implementation. To qualify for support, they must meet the minimum investment requirements and the period for reaching economic indicators analogous to the operating companies in terms of revenues, payroll budget and average salary.

Investment for industrial complexes and technoparks under construction should be at least 1 bn RUB for a period of no more than 5 years, and for industrial parks – 3.2 bn RUB. At the same time, they should reach the economic indicators set for operating companies in no more than 7 years (including up to 5 years for construction and 2 years for reaching the indicators).

Benefits are also offered to investors locating their new production on leased space and to concession and public-private partnership (PPP) projects in social and infrastructure spheres. The minimum level of investment for investors developing production on leased space is set at 750 m RUB for 3 years, with no more than 5 years to reach the planned indicators. As for concession and PPP projects, the threshold level of investment is established at 2 bn RUB.

Projects related to industrial production imply signing of a special investment contract (SPIC)

between the investor and the Moscow City Government establishing the city's obligations to provide benefits and the investor's obligation to implement the project.

More detailed information about the support measures, tax and other benefits and requirements for projects is available at the [Moscow Investment Portal](#).

Brochure "The measures to support new investment projects"

The Moscow City Government has issued a brochure on measures to support new investment projects in Moscow. It contains key requirements on the projects, which can claim a special status of an investment priority project (IPP), tax benefits and preferences, as well as the status conferring algorithm.

The brochure is available at the Investment Portal, Analytics section.



Another eight companies have been granted the status of industrial complex and technopark of Moscow



According to a Moscow City Government Resolution, maximum tax benefits have been granted to companies in the food industry, telecommunications and quantum electronics.

The status of an industrial complex has been granted to OJSC Tsaritsyno, OJSC Cherkizovsky Meat Processing Plant, LLC Dymov Sausage Works and JSC Lianozovo Electromechanical Plant.

Technopark status has been given to CJSC Svyaz Engineering, JSC Communications and Control Systems Research Institute, JSC M.F. Stelmakh Research Institute "Polyus" and the National Research Centre Kurchatov Institute.

The industrial complexes and four technoparks employ over 18,000 people and have an an-

nual payroll budget of more than 12 bn RUB. The total area of the land plots occupied by the eight companies is about 137 ha.

[The measures to support the industrial complexes](#) and technoparks include relief on profit, land use and property tax, as well as lower land lease charges. The tax burden reduction may be anywhere between 17% and 25%.

Currently, 12 companies enjoy the status of an industrial complex, and 6 companies that of technopark. The land plots of all the 18 companies occupy a total area of about 187 ha, providing over 31,000 jobs and more than 45 bn RUB in investments over a period of 5 years.

Moscow becomes Russia's first region to govern a special economic zone

The federal authorities have transferred the nearly 160 ha [Zelenograd Special Economic Zone](#) in the north of Moscow to be managed by the Moscow City Government. Zelenograd SEZ's residents are legally entitled to significant tax reliefs and preferences: a reduced profit tax rate; land, property and transport tax benefits; the residents also enjoy customs preferences.



Moscow will manage Zelenograd SEZ without subsidies from the federal budget. The Moscow City Government has already invested over 15.5 bn RUB in this project, first of all in development of the transport network and installation of utility lines. Before the end of the year, the authorities plan to complete construction of a customs office and an administrative and business centre with an area of 16,000 sq. m, and to install all the utility systems on the site, thereby providing the conditions for active development of the project governed by the city.

The Zelenograd SEZ consists of 37 companies working in the areas of microelectronics, IT and telecommunications. One of the key tasks in governing a special economic zone is to attract new companies of strategic importance for the city and country.

An International Medical Cluster to be built in Moscow



On 15 August, Moscow Mayor Sergei Sobyanin [laid a memorial capsule](#) in the foundations of the diagnostics centre that is to become part of the International Medical Cluster in Skolkovo, which will accommodate up to 15 clinics specialising on the most serious and widespread diseases in the areas of oncology, cardiology, traumatology and neurology.

The International Medical Cluster will unite the leading medical centres of the Organisation for Economic Co-operation and Development (OECD). The first construction project is a diagnostics centre with an area of 13,000 sq. m. Its construction was launched in June 2016 and will continue until the end of 2017.

The opportunities provided by the diagnostics centre will be available to all clinics participating in the International Medical Cluster project, and the complex of office premises with a conference hall will be used to attract new investors and project participants.

Two parks to be built on investors' money

No less than 1 bn RUB will be invested in [construction of both Heroes Park and Gloria Park](#), which will be laid out in the Troitsky and Novomoskovsky Administrative Districts. Both sites are already leased out for 15 years. The city is now waiting for the tender winners to submit detailed urban land improvement concepts that comply with the set criteria.



Heroes Park will be built outside Kuzovlevo village (on the edge of Moscow, areas outside Moscow, the Moscow Region and the Kaluga Region). It will be of interest to historical re-enactment fans and those investigating the wars of 1812 and 1941–1945. The park will have an Orthodox camp, a horse riding club, and thematic alleys of heroes. It will be divided into two zones: the Rurikids Park and the Romanovs Park. The site will be used for holding feasts,

city competitions, festivals and other events.

Gloria Park will be located on an area of 98 ha near the village of Ulyanovsk Forest Park and several allotment non-profit partnerships. The investor plans to build a zone with children's amusement rides, while those who prefer active recreation will enjoy the tennis and horse riding clubs and sports facilities.

Moscow in figures: macroeconomic indicators

Industrial production on the rise in Moscow

From January to July 2016, the drop in industrial production virtually came to a halt, showing a decline of just 0.2% year on year. In July, industrial production climbed 2.7%.

The growth points in July 2016 were several industries, including manufacture of machines and equipment (up 19.9%), light industry: manufacture of leather and footwear (up 14.6%), textile and garment industries (up 5%). The highest growth, 161% against the same period last year, was seen in production of electronic equipment. Manufacture of electronic equipment began rising in February 2016, growing by 8 to 123% monthly.

Analysts explain the recovering production, among other factors, by measures taken by the Moscow City Government to stimulate development of the city's contemporary industrial potential.

Moscow auctions: selling the city's assets

The builders of the three Moscow transfer hubs have been named

[The results](#) have been announced of open tenders to sign a sale and purchase agreement for 99.9% of the shares in CJSC Seligerskaya Transfer Hub, LLC Lefortovo Transfer Hub and JSC Rasskazovka Transfer Hub. The



three transfer hubs will be built by LLC Moscow Industrial Maintenance, LLC Interflora and LLC SMS, respectively.

The final price on the sales contract for the Lefortovo transfer hub was set at 100 m RUB. The facility is 0.4 ha in size, with an authorised construction area of 27,100 sq. m. The Seligerskaya transfer hub contract final price was 63.8 m RUB, the size of the facility is 4.98 ha with an authorised construction area of 173,300 sq. m. The contract final price for the Rasskazovka transfer hub was 78.2 m RUB. The investor will have to implement a large scale investment project including construction of the transfer hub based on the Rasskazovka Metro station on the Kalininsko-Solntsevskaya line. The size of the site is 11.33 ha with an authorised construction area of 297,700 sq. m.

A controlling interest in the Raduga Trade and Logistics Centre is put up for tender



The Moscow authorities have put a [67.52% stake](#) in the Raduga Trade and Logistics Centre up for open tender. The starting price of the agreement for the sale and purchase of 400,000 shares is 374.6 m RUB.

The logistics centre is situated within walking distance from the Vladykino Metro station, in the Otradnoye District. Three highways are located nearby: Yaroslavskoye Shosse, Altufyevskoye Shosse and Dmitrovskoye Shosse. The distance to the Moscow Ring Road is 3.5 km. The property complex of the Raduga Trade and Logistics Centre includes buildings and structures located on a land plot of 44,200 sq. m at: Signalny Proyezd, 16, Bld. 3.

Bids for the auction may be filed until 20 September and the auction will be held on 23 September 2016.

The Moscow Investment Portal <http://investmoscow.info/> currently offers over 2,000 facilities for land and property auctions. A full list of the auction lots is available in the section ["Auctions"](#).

Thank you for your attention!

Best regards and looking forward to cooperation



Department of Economic Policy
and Development of Moscow

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The Digest archive [for 2016](#) is available on the Portal.

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